AMERICAN VANADIUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

Background

This management discussion and analysis ("MD&A) of financial position and results of operation for American Vanadium Corp. (the "Company" or "American Vanadium") is prepared as at November 25, 2015. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements as at and for the nine months ended September 30, 2015 and with the Company's audited financial statements as at and for the year ended December 31, 2014.

The Company is based in Vancouver, British Columbia, Canada, and its shares trade on the TSX-Venture Exchange (the "Exchange") under the symbol "AVC".

Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements include but are not limited to statements regarding the outcomes and timelines for permitting and mining the Company's mineral reserves, the timelines for successfully developing an off-take market for the Company's mineral reserves, the Company's ability to enter the energy storage market, and its ability to obtain the financing required to maintain its operations. These statements involve a number of known and unknown risks, uncertainties and other factors, such as the Company's actual mineral reserves, the costs required to convert these reserves into high-value vanadium products and the prices obtained for these products; the development of mass energy storage in North America and globally, which itself is dependent on energy prices, adoption rates for storage technologies and governmental climate and energy policies; and the acceptance of the Company's strategy by financial markets. Outcomes other than those assumed herein may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Company Overview

American Vanadium's mission is to provide safe, reliable, long-duration and long-lived distributed energy storage solutions that meet the needs of communities, enterprises and governments. To achieve this mission, American Vanadium is the Master Sales Agent in North America for the CellCube vanadium redox flow energy system ("CellCube"), produced by Gildemeister Energy Solutions ("Gildemeister") of Germany. The CellCube is a commercially available vanadium redox flow battery capable of delivering long-duration energy storage for a broad range of applications, such as renewable energy integration and the reduction of demand charge tariffs levied by utilities.

Complimentary to its CellCube sales initiatives, the Company holds mineral claims at its Gibellini Property (“Gibellini”), a vanadium deposit located in Eureka County, Nevada, which is in the permitting stage. American Vanadium is ultimately seeking to produce vanadium electrolyte from Gibellini to meet the global demand from sales of vanadium redox flow energy storage systems. Because of the early stage of the energy storage market and internal financing constraints, permitting work at Gibellini has been slowed significantly.

The Company entered into purchase orders to acquire the CellCube units for certain test and demonstration projects, as well as for advance payments on other potential sales, and has made or accrued instalment payments towards these acquisitions. As a result of the Company’s financial condition and the requirement for additional financing to make final instalment payments, no value has been attributed to these assets. Similarly, the carrying value of Gibellini has been reduced to a nominal amount.

The Company remains committed to creating value through the longer term integration of vanadium redox flow batteries and global electrolyte sales with Gibellini production; however, additional financing is required to carry out this strategy. Should the Company raise adequate additional financing, it will complete the test and demonstration projects, improve its CellCube sales function and will devote more resources to Gibellini permitting, at which point asset carrying values will be reassessed to determine whether the impairments recorded can be fully or partially reversed.

Outlook

The energy storage market is taking longer to develop than anticipated and the difficult capital markets for junior companies has resulted in the Company’s significant negative working capital position. As a result, the Company has reduced its operating expenditures by delaying its demonstration projects, rationalizing staked claims and water rights for Gibellini, significantly slowing the permitting process and metallurgical initiatives at Gibellini, and reducing headcount and general and administrative costs. The Company’s near-term focus is to raise sufficient financing that will allow it to pay existing financial obligations, pursue CellCube sales opportunities, maintain its claims in Gibellini, and to fund its ongoing operations.

It is anticipated that initial sales of CellCube units will be a catalyst for additional financing that will be used for additional sales channel growth or funding for Gibellini permitting. Unless such near-term financing is obtained, the Company will need to take additional actions to reduce costs and to maintain operations. Additionally, the Company may consider opportunities with other participants in the vanadium redox flow battery industry where strategic benefits are identified.

Mineral Property Overview

The Company maintains its holdings in Gibellini through various Net Smelter Royalty advance payments and through staked lode and placer claims. As of the date of this MD&A, the Net Smelter Royalty payments are in arrears and the Company has yet to complete the revised Plan of Operations and Nevada Reclamation Plan (PoO) requested by the Bureau of Land Management (“BLM”) and the Nevada Division of Environmental Protection (“NDEP”) to obtain state and federal approvals needed to develop the Gibellini project. The PoO details the plan for Gibellini from mine design, to processing facilities, to reclamation and final closure. Importantly, the PoO incorporates numerous product outputs for high-purity vanadium products including electrolyte for the vanadium flow battery market.

The Company had previously commenced work towards all other environmental permits including, but not limited to, the Water Pollution Control Permit, Class II Air Permit, Water and Sewage Systems Permits and Nevada Bureau of Health Permits. Although much of the work has been done, completion of the remaining permit applications, such as the Water Pollution Control Permit, is dependent on securing additional financing.

As of the date of this MD&A, limited additional permitting work is planned until sufficient additional financing is raised. Coupled with adverse financing conditions, which have led to reductions in exploration and development activities on the Company's mineral properties, market prices for vanadium persist at lower levels than those required for commercial production. As a result, the Company is carrying the value attributed to Gibellini at a nominal amount, having recorded a significant impairment in the fourth quarter of 2014. Should the Company obtain adequate financing in the future and should market pricing for vanadium recover, the Company may assess the carrying value of Gibellini if in future periods.

As at the date of this MD&A, payments for certain property rights totalling US$90,000 were outstanding. These property rights payments are at the option of the Company, but are required to maintain the Company's interest in the property.

During the nine months ended September 30, 2015, the Company did not renew non-core claims, reducing the number of Gibellini claims from 435 to 204, which includes claims held directly by the Company and through lease agreements. Additionally, in November 2015, the Company terminated an agreement for water rights that had been acquired to support future Gibellini production.

Del Rio and Hot Creek Projects, Eureka County, Nevada

In September 2010, the Company acquired mineral rights to the Del Rio Project ("Del Rio"), a vanadium project located approximately eight miles south of Gibellini. These wholly-owned mineral rights carry no royalty burden and were acquired by originally staking 120 unpatented lode claims on lands administered by the Bureau of Land Management. During the nine months ended September 30, 2015, the Company has reduced the number of Del Rio claims to 10, and at this time, no further exploration is planned for Del Rio.

In 2010, a smaller vanadium prospect, Hot Creek, was also acquired by staking 18 claims south of Del Rio. During the nine months ended September 30, 2015, the Company allowed all of these claims to lapse.

Qualified Person

The geological technical data has been reviewed, verified and compiled by Richard A. Graham, P. Geol., who is a "qualified person" for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

Financial Review

As an exploration-stage company, American Vanadium does not have any revenues from mining operations, and the Company has not yet achieved any commercial sales of CellCube systems. Its accounting policy is to expense mining exploration and evaluation expenditures incurred until technical and economic feasibility on a specific property has been established and the Company has obtained sufficient financing to fund mine development. The Company does not have the funds required to develop its properties and continues to recognize an expense for all exploration and evaluation expenditures as incurred.

To date, the Company has not earned any revenues, has not declared any cash dividends, and has not held any long-term debt.

Significant financial statement items are as follows:

	September 30 2015	December 31 2014
	$	$
Balance Sheet:		
Cash	**17,107**	78,413
Total assets	**173,749**	504,780
Current liabilities	**5,122,148**	2,268,093
Long-term liabilities	**-**	-

	For the three months ended		**For the nine months ended**	
	September 30 2015	September 30 2014	**September 30 2015**	September 30 2014
			$	$
Operations:				
Exploration expenditures	**50,532**	679,919	**299,269**	2,097,322
Administrative costs				
General	**89,259**	846,158	**643,109**	2,458,452
Stock-based compensation	**8,003**	147,438	**(31,408)**	566,995
Impairment of CellCube units	**2,468,709**	-	**2,468,709**	-
Foreign exchange loss (gain)	**36,143**	(8,418)	**91,813**	73,710
Gain on sale of equipment	**-**	-	**(19,313)**	-
Interest income	**(5)**	(1,116)	**(108)**	(6,727)
Net comprehensive loss	**2,652,641**	1,663,981	**3,452,071**	5,189,752
Basic and diluted loss per share	**0.04**	0.03	**0.05**	0.09
Dividends per share	**-**	-	**-**	-

Cash

The decrease in cash as at September 30, 2015 to $17 thousand from $78 thousand as at December 31, 2014 is primarily the result of cash expenditures of $495 thousand for salaries and severance payments, office rent and other general operating items made during the period. These expenses were partially offset by $202 thousand in funds received for shares issued, $64 thousand for subscription receipts for shares that have not been issued as at or subsequent to September 30, 2015, $142 thousand received on the refund of a property reclamation deposit and $26 thousand received from the sale of assets.

Total assets

The decrease in total assets as at September 30, 2015 to $174 thousand from $505 thousand as at December 31, 2014 is primarily a result of $495 thousand in cash expenditures for operating activities, $65 thousand in net reductions in prepaid expenses from the cancellation of certain insurance policies for which payments were still outstanding and the write-off of employee expense advances during the nine months ended September 30, 2015. Additional reductions include a $24 thousand amortization charge to equipment. The effect of these items was partially offset by $202 thousand in proceeds received from a private placement which closed during the nine months ended September 30, 2015, $64 thousand for subscription receipts for shares that have not been issued as at or subsequent to September 30, 2015 and a $19 thousand gain on the sale of assets.

Current liabilities

Current liabilities, which comprise accounts payable and accrued liabilities and amounts received for shares not yet issued, increased from $2.3 million as at December 31, 2014 to $5.1 million as at September 30, 2015. The primary reason for this increase was a $2.5 million account payable to Gildemeister that was recognized for production milestones being met on a historical CellCube order made by the Company. Additionally, a $64 thousand liability was recorded during the period for proceeds from subscription receipts for a private placement of common shares that had not closed as at September 30, 2015. Accounts payable and accrued liabilities increased by an additional $321 thousand for unpaid general and administrative and exploration and evaluation expenses incurred during the nine months ended September 30, 2015, as well as for the impact of foreign exchange fluctuations on amounts owed in foreign currencies. The increase in accounts payable is owing to an accumulation of overdue amounts as a result of the Company's financial position.

Net comprehensive loss

Net comprehensive loss for the nine months ended September 30, 2015 was $3.5 million compared with a loss of $5.2 million for the same period in 2014. Generally, the decreased loss in 2015 reflects significant reductions in exploration and evaluation expenses, employee headcount and other administrative expenses as a result of the Company's financial condition. Specifically, the reduction in net comprehensive loss is a result of the following:

- Exploration and evaluation expenses were $299 thousand for the nine months ended September 30, 2015 compared to $2.1 million for the same period of 2014.
- Salaries and benefits were $318 thousand for the nine months ended September 30, 2015 compared to $1.1 million for the same period of 2014.
- Consulting and travel costs were $128 thousand for the nine months ended September 30, 2015 compared to $892 thousand for the same period of 2014.
- For the nine months ended September 30, 2015, the Company reported a $31 thousand reversal of stock-based compensation recorded in prior periods following the forfeiture of certain share-based awards. For the nine months ended September 30, 2014, a $567 thousand share-based compensation expense was reported.

Partially offsetting these cost reductions was a $2.5 million charge recorded in the nine months ended September 30, 2015 related to the value attributed to certain production milestones that were met for CellCube units ordered by the Company. These units had been ordered in anticipation of a perspective sale that has not closed. Until the Company establishes a value for these units through a sales or other cash-generating arrangement, it will recognize a full impairment on their value, although cumulative impairment charges recorded on these units may be fully or partially reversed once such a value is established.

Third Quarter Results of Operations

Select expenses incurred by the Company are as follows:

	For the three months ended September 30, 2015	For the three months ended September 30, 2014
	$	$
Exploration and evaluation expenses	**50,532**	679,919
General and administrative expenses:		
Salaries and benefits	**67,848**	354,847
Office facilities and administrative costs	**(35,214)**	51,930
Consulting	**8,480**	256,264
Stock-based compensation	**8,003**	147,438
Travel	**6,200**	87,313
Office and sundry	**5,633**	38,335
Investor relations and shareholder information	**296**	7,366
Audit and legal	**1,163**	26,775
Other	**34,853**	23,328
Total general and administrative expenses	**97,262**	993,596
Impairment of CellCube units	**2,468,709**	-
Foreign exchange (gain) loss	**36,143**	(8,418)
Interest income	**(5)**	(1,116)
Net comprehensive loss	**2,652,641**	1,663,981

Exploration and evaluation expenses for the three months ended September 30, 2015 were $629 thousand lower than for the same period of 2014 as a result of planned cost reductions precipitated by the financial condition of the Company.

Exploration and evaluation expenses for the three months ended September 30, 2015 comprised $47 thousand for property maintenance (2014 - $nil) related to mineral claims payments for Gibellini and Del Rio that were not capitalized because the carrying value of the properties is currently impaired and $3 thousand (2014 - $132 thousand) for general site administration. In the three months ended September 30, 2014, $183 thousand was also incurred for mine design, engineering and geotechnical, $133 thousand for environmental permitting, and $231 thousand for metallurgical work, none of which were incurred in 2015.

Until the Company can raise sufficient financing, it is expected that future exploration and evaluation expenses will remain lower than in previous years.

Also owing to the Company's financial condition, a focus has been placed on reducing corporate-level general and administrative costs in the three months ended September 30, 2015. Staff levels have been reduced, conference and travel costs have been cut, and business development initiatives have been reduced significantly, resulting in the following cost decreases in the three months ended September 30, 2015 compared to the same period in 2014:

- Salaries and benefits expense decreased from $355 thousand in 2014 to $68 thousand in 2015 reflecting reductions in mining and corporate-level staff.
- Office facilities and administrative services expense decreased from $52 thousand in the 2014 to a recovery of $35 thousand in 2015 owing to an over accrual of rent expense that was reversed in the period.
- Stock-based compensation expense decreased from $147 thousand in 2014 to $8 thousand in 2015 reflecting the cancellation and forfeiture of various stock-based awards following the reduction of mining and corporate-level staff.
- Consulting expense decreased from $256 thousand in 2014 to $8 thousand in 2015 as fewer business and corporate development consultants were retained.
- Travel costs decreased from $87 thousand in 2014 to $6 thousand in 2015, reflecting less travel for trade shows and conferences, CellCube sales opportunities and to the Gibellini property.

Other general and administrative and sundry expenses were generally comparable between the three months ended September 30, 2015 and 2014.

Off-setting savings from a reduction in exploration and operating activities and as further discussed under the "Net comprehensive loss" section under "Financial Review", herein, the Company recognized a $2.5 million impairment to certain CellCube units during the three months ended September 30, 2015.

Financial Condition, Liquidity and Capital Resources

As at September 30, 2015, the Company had a working capital deficit of $5.0 million, compared to $2.0 million as at December 31, 2014. The decrease in the Company's working capital during the nine months ended September 30, 2015 resulted from cash expenditures and accruals for CellCube units, exploration and evaluation and general administration, which were partially offset by proceeds received from a private placement closed on April 23, 2015 and for subscription receipts received for a private placement that was announced on August 31, 2015 and had not closed as at September 30, 2015, as well as from the refund of a reclamation deposit.

Additional near-term funds will be required to fund the Company's day-to-day expenses, to discharge existing liabilities and to maintain property claims. Additionally, longer-term financing will be required to complete the permitting, process and design, metallurgical, engineering and other development costs for a mine at Gibellini. The Company's ability to raise required funds is dependent on favourable conditions in equity and alternative investment markets, which are volatile and subject to significant uncertainty. The Company will continue to identify alternative sources of financing, but anticipates reliance on equity markets, which include clean technology markets in addition to conventional mining markets, in the near term. Although the Company has been able to access these markets in the past, there is no assurance that it will be able to raise funds on favourable terms in the future.

On April 23, 2015, the Company completed a non-brokered private placement of 3,014,285 common share units at a price of $0.07 per unit for gross proceeds of $211,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase an additional common share at a price of $0.12 until April 23, 2016.

On August 31, 2015, the Company announced a non-brokered private placement of up to 1,875,000 units at a price of $0.08 per unit for gross proceeds of up to $150,000. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase an additional common share at $0.10 for 24 months from closing. As at September 30, 2015 and the date of this MD&A, the Company has received $64,184 in subscription receipts, but has not closed this placement, nor issued any related shares.

On May 13, 2015, the Company settled $93,648 in accounts payable and mineral property payments through the issuance of 1,337,830 of its common shares.

Summary of Quarterly Results

A summary of quarterly results for the Company's eight most recent quarters is as follows:

For the Three Months Ended	Exploration and Evaluation[1]	General Expenses[2]	Stock-based Compensation[2]	Interest Income[3]	Net Comprehensive Loss[4]	Basic and Diluted Loss Per Share
	$	$	$	$	$	$
September 30, 2015	50,532	125,402	8,003	(5)	2,652,641	0.04
June 30, 2015	70,109	154,920	49,792	(28)	265,270	0.00
March 31, 2015	178,628	398,929	(89,203)	(74)	534,160	0.01
December 31, 2014	540,799	1,023,505	150,718	(316)	5,373,789	0.09
September 30, 2014	679,919	846,158	147,438	(1,116)	1,663,981	0.03
June 30, 2014	582,539	884,682	304,631	(3,389)	1,789,919	0.03
March 31, 2014	834,864	727,611	114,927	(2,222)	1,735,852	0.03
December 31, 2013	2,028,016	1,123,070	306,945	(2,790)	4,007,104	0.10

Explanatory Notes:

1. Exploration and evaluation expense for the periods presented are largely comprised of engineering, procurement and construction management, metallurgical and environmental permitting activities for Gibellini incurred to complete the Plan of Operations and to attend to the on-going permitting process. Costs fluctuate from period to period based on the availability of working capital to fund such work and deadlines for meeting various project and regulatory requirements. In late 2014 and early 2015, the Company has reduced property-related expenses as a result of not having sufficient funds available.

2. General expenses between the periods ended December 31, 2013 and December 31, 2014 reflect a build-up of staff, consulting and other activities to support the development of its CellCube sales strategy. In the quarters ended March 31, 2015 through September 30, 2015, this and other general corporate-level activity has been significantly reduced as a result of not having sufficient funds available.

   Related to the increase in staff and consulting levels and additional directors of the Company between December 31, 2013 and December 31, 2014, new stock options were granted, resulting in increases to stock-based compensation. Additionally, the Company has also granted certain employees and consultants shares in the Company, which have also contributed to the increased stock-based compensation expense during these periods. In the three months ended March 31, 2015, a number of share-based awards were cancelled on the termination of certain employment and consulting agreements, resulting in a net reversal of expenses previously recorded and subsequent expenses recorded have been lower than those prior to December 31, 2014.

3. The Company earns interest income from funds on deposit but has no operating revenue. Interest income is dependent upon the amount of funds on deposit and interest rates paid.

4. Net comprehensive loss is typically a result of exploration and evaluation expenses, general expenses and stock-based compensation. However, in the three months ended December 31, 2014, the Company recorded a $2.1 million impairment of mineral properties as well as $1.4 million in impairments of equipment, deposits on equipment and advances towards future CellCube sales with a further $2.5 million impairment for CellCube units being recorded in the three months ended September 30, 2015. During the three months ended December 31, 2013, an additional expense was recorded for the $569 thousand write-off of a deposit that had been paid to an EPCM contractor.

Transactions with Related Parties

During the nine months ended September 30, 2015, a $58,500 (2014 - $58,500) expense was recorded for office facilities, corporate and administrative services provided by Earlston Management Corp. ("Earlston"), a company with officers and directors in common with Company. As at September 30, 2015, $75,382 is included in accounts payable and accrued liabilities (December 31, 2014 - $22,276) for amounts owing to Earlston.

Included in prepaid expenses as at September 30, 2015 is $10,000 (December 31, 2014 - $10,000) advanced to Bill Radvak, the Chief Executive Officer of the Company for corporate expenses to be incurred on the Company's behalf. Included in accounts payable and accrued liabilities as at September 30, 2015 is $4,792 (December 31, 2014 - $8,193) owing to this officer for travel expense claims.

During the nine months ended September 30, 2014, a $60,000 expense was recorded for consulting services provided by Cansource International Enterprises Inc., a company jointly controlled by Ron MacDonald, a former director of the Company. No such amounts were incurred for the nine months ended September 30, 2015.

Financial Instruments and Risk Management

As at September 30, 2015, the Company's financial instruments are comprised of cash, amounts receivable, reclamation deposits and accounts payable and accrued liabilities. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash	17,107	-	-

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

A portion of the Company's expenses are incurred in United States dollars and financial instrument balances are held in this currency. A significant change in the currency exchange rates between the Canadian dollar relative to the United States dollar could have a negative effect on the Company's results of operations, financial position or cash flows.

As at September 30, 2015, the Company's net financial liabilities included accounts held in United States dollars totalling US$1,322,068. A prolonged $0.10 increase (decrease) in the value of the Canadian dollar compared with the United States dollar would result in a $132,200 foreign exchange gain (loss) based on United States dollar denominated net financial liabilities as at September 30, 2015.

As at September 30, 2015, the Company's net financial liabilities included accounts held in European Euros totalling 2,144,486 Euros. A prolonged $0.10 increase (decrease) in the value of the Canadian dollar compared with the Euro would result in a $214,449 foreign exchange gain (loss) based on European euro denominated net financial liabilities as at September 30, 2015.

The Company has not hedged its exposure to currency fluctuations.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a working capital deficiency as at September 30, 2015 and additional financing is required for the Company to settle its existing obligations and fund future obligations. As such, the Company is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in short-term interest bearing accounts which pay relatively low rates of interest, the Company considers the interest rate risk to be limited.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Outstanding Share Data

The following securities are outstanding at November 25, 2015:

Common shares issued and outstanding:	68,246,113
Shares issuable on the exercise of outstanding stock options:	3,767,500
Shares issuable on the exercise of share purchase warrants:	9,652,718
Shares issuable for subscription receipt proceeds received on an open private placement:	802,300

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Those estimates and judgments considered most significant are as follows:

i. Mineral properties

The measurement, depletion and impairment of mineral properties are based on various judgments and estimates. These include the technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves, future mineral prices, and operating and capital expenditures for the properties.

Differences between actual and anticipated reserves, mineral revenues and costs could result in future impairments being recognized.

ii. Reclamation provision

The Company records a reclamation provision for the discounted present value of expected future expenditures, if any, required to environmentally reclaim its mineral properties. The measurement of this provision, if one exists, is based on estimates for the amounts and timing of future cash flows. Differences between actual cash flows and those estimated could result in the reclamation provision being over or understated.

iii. Taxation

Tax provisions are recognized to the extent that it is probable that there will be a future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Company.

Deferred tax assets are recognized to the extent that it is probable that certain taxable losses or deferred expenditures will be utilized by the Company to reduce future taxes payable. The amount of deferred tax assets recognized, if any, is based on objective evidence that the Company will generate sufficient future taxable income to utilize these deferred assets, as well as the expected future tax rates that will apply to these assets. Changes to the Company's ability to generate sufficient taxable income or changes to enacted tax rates could result in the write-down of deferred tax assets, or the recognition of new deferred tax assets.

iv. Stock-based compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and share purchase warrants granted. This model requires management to estimate the volatility of the Company's future share price, expected lives of stock options and future dividend yields. Consequently, there is significant measurement uncertainty in the stock-based compensation expense reported.

v. Restricted share units and performance shares

The determination of whether or not the achievement of performance milestones for restricted share units and performance shares is likely requires management to consider factors such as the likelihood of an employee or consultant remaining with the Company until requisite performance is achieved as well as external factors such as government regulations, financial market developments and industry trends which influence the milestones. Additionally, factors internal to the Company, such as the financial and strategic support for the achievement of the milestone must be considered. This determination is subject to significant judgment and changes to any of these factors or management's interpretation thereof, may result in expenses being recognized or previously recognized expense being reversed.

Initial Adoption of New IFRS and Future Changes in Accounting Policies

Adoption of New IFRS

The Company has applied the following new IFRS amendment starting January 1, 2015:

i. IFRS 3, Business Combinations

IFRS 3 was amended to provide clarification related to (i) contingent consideration in a business combination and (ii) scope exception for joint arrangements.

ii. IFRS 8, Operating Segments

IFRS 8 was amended to require (i) disclosure of judgments made by management in aggregating segments, and (ii) a reconciliation of segment assets to the entity's assets when segment assets are reported.

iii. IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets

IAS 16 was amended to classify how gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model.

iv. IAS 24, Related Party Transactions

IAS 24 was amended to (i) revise definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent, and (ii) clarify related disclosure requirements.

The adoption of these standards did not result in changes to amounts or note disclosures previously reported by the Company.

Future Changes in Accounting Policies

The following are new and revised accounting pronouncements that have been issued, but are not yet effective for the year beginning January 1, 2015:

i. IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – "*Financial Instruments: Recognition and Measurement*" in its entirety with IFRS 9 in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. IFRS 9 can currently be adopted voluntarily, but is mandatory for years beginning on or after January 1, 2018.

ii. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations

IFRS 5 has been amended to adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. These amendments are effective for annual periods beginning January 1, 2016.

iii. IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

Management has determined that the application of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Changes in Directors

On January 21, 2015, Dr. Kelly Hyslop resigned as a director of the Company.

On February 6, 2015, George T. Hawes resigned as a director of the Company.

Risks and Uncertainties

Exploration of mineral properties involves a high degree of risk and the successful achievement of a profitable operation cannot be assured. Costs of finding and evaluating an ore body are substantial, and may take several years to complete. The Company must overcome many risks associated with an early stage exploration property. Outstanding items to be completed include, but are not limited to, identification and quantification of a commercially viable ore body, confirmation of the Company's interest in the underlying claims and leases, completion of a feasibility study, funding of all costs related to a commercial operating venture, completion of the permitting process, detailed engineering and the procurement of a processing plant, and constructing a facility to support the property. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

External financing, primarily through the issuance of common shares will be required to fund its activities. There can be no assurance that it will be able to do so in the future.